Performance Management Confirmation

Overview

Introduction

This guide is intended to assist you in obtaining Performance Management Confirmation. The guide contains a detailed list of application requirements, evaluation standards, process steps, and resources and tools to help you gauge your organization's readiness to receive confirmation.

Performance-based Culture

Moving to a performance-based culture can increase organizational productivity by as much as 40 percent[1]. Turnover in high performance organizations averages almost 40 percent less than low performing organizations[2].

A key feature of a performance-based culture is the link between employee performance and employment decisions, such as promotions and pay. Being able to distinguish and meaningfully recognize achievements and desired behavior speaks volumes about what is important and valued in an organization. Organizations must ensure that rewards and other significant employment decisions differentiate between high, average, and low performers. This requires the courage of supervisors and managers to address performance issues, and requires a long-term commitment from executive management.

Performance Management Confirmation

The confirmation process is a roadmap for developing a credible employee performance management program, building employee confidence in the organization's employee performance management system, and enhancing an existing performance-based culture.

Organizations receiving confirmation successfully demonstrate:

- A strong history of performance management.
- An ingrained performance based culture.
- A mature performance planning and evaluation process.
- An internal quality review process of performance plans and evaluations.
- Extensive training of staff and supervisors.
- A high level of employee confidence.

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[1] Howard Rischer, a nationally renowned expert in compensation and performance management, in his article "Pay-for Performance: The Keys to Making it Work." This article is a synopsis of the U.S. Office of Personnel Management's 2002 white paper on this subject for federal employees.

[2] Mark Huselid, Brian Becker, and Dave Ulrich, The HR Scorecard - Linking People, Strategy, and Performance

Confirmation is required for an organization to institute performance as a factor in pay, leave, or layoff decisions[3]. The purpose of confirmation is to verify that the employer is prepared to make performance-based decisions in a predictable and transparent manner that ensures the public's trust. Ultimately, our goal is to build a performance-based culture in state government where organizational goals and performance measures cascade down to each employee's individual performance goals and targets. To that end, the confirmation review process is designed to evaluate the organization's ability to:

- Create and manage a performance-based culture.
- Link individual and organizational performance goals.
- Meaningfully distinguish between different levels of performance.
- Develop a fair and transparent performance incentive program designed to demonstrably improve organizational performance.

Performance Management Confirmation Options

Confirmation may be obtained for:

- Performance-based pay practices.
- Performance-based layoff.
- Performance-based leave.
- Any combination of the above.
- All or part of the organization.

The following performance incentive practices require performance management confirmation:

- Accelerated progression increases based on performance within the salary range (per WAC 357-28-075).
- Deferred progression increases based on performance that is less than satisfactory (per WAC 357-28-075).
- Performance Recognition Pay (per WAC 357-28-295):
  - Lump sum recognition.
  - Goalsharing.
  - Gainsharing.
- Performance Recognition Leave (per WAC 357-31-565).

Once an organization has received confirmation for performance-based pay or leave, it will have authority to administer the approved practices. Additional practices may be implemented at a later date following approval by the Department of Personnel (DOP) Director.

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[3] Note: Collective bargaining agreements may establish other processes or procedures for represented employees within organizations that could limit or prohibit the use of performance in pay or layoff decisions.

Evaluation Process

Your application will be evaluated against ten criteria (WAC 357-37-065) that indicate your readiness to implement a successful program. DOP staff will provide consultation and assistance during the development of your employee performance management and performance incentive program. Key factors that will be considered include:

- Leadership commitment to the program.
- Accountability for effective program administration.
- How effectively the program will align accomplishment of individual results with agency goals and performance measures.
- Thoroughness of the agency's readiness assessment.
- Employee confidence in the program.

The ten specific confirmation criteria are:

1. **Executive Commitment and Directive -** The chief executive has communicated to all affected employees the importance of establishing a performance-based culture and the need to link individual performance with the organizational goals and performance measures.

2. **Readiness Assessment -** The organization demonstrates that:
   - It has a solid organizational performance management program.
   - It has sufficient experience to administer a recognition and reward program.
   - Employees have confidence in management's ability to manage performance.
   - It has thoroughly assessed its strengths and weaknesses, and has addressed any significant gaps.

3. **Roles and Responsibilities -** The roles and responsibilities of managers, supervisors, employees, human resource staff, and others with program responsibility are clearly outlined and communicated.

4. **Management Accountability -** The performance management program includes processes and procedures for maintaining management accountability.

5. **Internal Policies and Procedures -** The organization has policies and procedures that describe how performance may be factored into pay and/or layoff decisions.

6. **Communication Plan -** The employer's communication plan provides timely and clear information to all employees to help them understand policies, procedures, timelines, and how they will be affected. It also contains a plan for external stakeholders and the media to ensure transparency and credibility.

7. **Performance Management Orientation and Training -** Prior to implementation, managers and supervisors will receive orientation and training in performance management theory and

application, performance and development planning and evaluation, and performance-based compensation and/or layoff policies, procedures, and tools. The organization must demonstrate that employees and managers have and will continue to receive training to manage the program.

8. **Performance and Development Plan Implementation -** The performance appraisal process is fully integrated with and supports the performance incentive program. The PDP or approved alternate form has been implemented for all employees subject to performance-factored decisions, and all affected supervisors have received training on the form and process. A procedure is in place to ensure review of performance assessments for those subject to performance-factored decisions.

9. **Funding Approach for Performance-Based Compensation -** The organization has a sustainable funding approach to support the program.

10. **Monitoring and Measuring Success -** The organization has a monitoring process to evaluate program operations and organizational impact.

Timeframe

Organizations that have already received confirmation have indicated they needed at least two years to complete their self-assessment, strengthen their employee performance management program, and develop their performance incentive program. The majority of organizations who receive confirmation will need to go through several performance planning and evaluation cycles before meeting the evaluation standards.

Application Process

Applying for confirmation is a multi-step process that includes the following:

Pre-Application

1. **Briefing**
   Executive management and HR staff receive a briefing on performance management confirmation (PMC) from the Department of Personnel (DOP).

2. **Project Manager and Confirmation Workgroup**
   Your organization appoints a project manager and convenes a workgroup to assess readiness, develop plans, and prepare submissions.

3. **Preliminary Readiness Assessment**
   Using the DOP standardized self-assessment tool and PMC employee confidence survey, and evaluate your organization's strengths relative to the confirmation criteria.

4. **Preliminary Application**

   Once you are satisfied you meet the baseline requirements, complete and submit a preliminary application to DOP. The preliminary application must demonstrate that you meet certain readiness criteria. The application will be evaluated and you will be provided feedback on your organization's readiness to move forward (see Attachment A – Preliminary Application Submittal Table).

5. **Executive Meeting**

   Your chief executive and the DOP Director sit down to discuss expectations and obtain formal approval to move forward with development of your performance incentive program. This may include scheduling a target date for final submission.

Program Development

6. **Develop Model Program**

   The project manager and workgroup develop model Performance Development Plans (PDPs) and work on program components, including:
   - Program award criteria and process.
   - Recommendation and Approval Process.
   - Reconsideration Process.
   - Roles, accountability, policies, and procedures.
   - Training and communication strategies and plans.
   - Funding and monitoring.

7. **Confirmation Review Group**

   DOP will convene a confirmation review group (CRG) consisting of representatives from confirmed organizations. In addition to evaluating your final application, the CRG will provide feedback and input as you develop your program and submit progress reports.

8. **First Interim Report**

   After testing the PIP award criteria against the model PDPs, the project manager and workgroup assess your progress and report your findings to DOP. The CRG will provide feedback (approximately 4 months after receiving approval to move forward).

9. **Audit Mid-term Evaluations**

   After your supervisors complete their written interim evaluations, your project manager and workgroup will audit them against the model PDPs and PIP award criteria. Based on your results and lessons learned, you will:
   - Update the model PDPs and award criteria.
   - Provide feedback, training, or one-one assistance to supervisors as needed.
   - Improve sub-standard plans before supervisors complete their final evaluations.
   - Improve and update your PDP course curriculum as appropriate.
   - Provide follow-up training for new supervisors who are hired mid-cycle.

10. **Second Interim Report**

    After completing the audit, the project manager and workgroup assess your progress and submit your second interim report to DOP and the review group for feedback (approximately 8 months).

11. **Third Interim Report**

    After completing a full PDP evaluation cycle, the project manager and workgroup test the evaluations and new PDP plans against the criteria. Criteria should be updated if needed, feedback should be provided to supervisors, and poor PDP plans should be corrected prior to the next submission.

    You will also conduct another employee confidence survey, develop your PIP supervisory training curriculum, and submit your final progress report to DOP and the CRG for feedback (approximately 17 months).

<u>**Final Application**</u>

12. **Final Application**

    When ready, the project manager and workgroup complete and submit the final application to DOP (approximately 19 months). DOP staff will review the plan against the 10 confirmation criteria and schedule a presentation.

13. **Pre-presentation**

    Your project manager and workgroup will conduct a dry-run presentation before the CRG to vet the application and answer any technical questions.

14. **Presentation**

    Your chief executive, project manager and workgroup present your application to the DOP Director and the CRG (approximately 20 months).

15. **Deliberations**

    The CRG analyzes the final application and makes a recommendation to the DOP Director (approximately 21 months).

16. **Decision**

    The DOP Director makes a decision on whether to grant confirmation (approximately 22 months).

<u>**Implementation**</u>

17. **Post-Confirmation Implementation**

    Following confirmation, you provide training to your supervisors on your performance incentive program. After training, the project manager and workgroup assess the results and prepare to implement the award program (approximately 24 months).

18. **Post-Confirmation Monitoring Report**

    Following the distribution of your first year awards, (and annually thereafter), your agency collects data, analyzes the results, and submits a report to DOP following DOP guidelines. DOP staff analyzes the report and provides input to the DOP Director (approximately 30 months).

Consultation and Assistance

DOP staff are available to assist you throughout the confirmation process, including providing a briefing to your executive management team regarding the confirmation process. Please contact the PMC Coordinator, Kris Brophy, at KrisB@dop.wa.gov or 360-664-6285 for more information.

Tools and Resources

Use the following tools and resources to learn more about the confirmation process.

❑ Confirmation Guide – Overview
❑ Application Guide – Preliminary Application Submittal Guide
❑ Application Guide – Interim Report and Final Submittal Guide
❑ Monitoring Report Guide
❑ Application Process Timeline chart
❑ Preliminary Readiness Assessment
❑ Employee Confidence Survey
❑ Employee Performance Incentive Program Survey
❑ Baldridge/WSQA Question Crosswalk table.
❑ Application Process Table